

Economic Data Inquiry

Scottish Council for Development and Industry (SCDI)

Introduction

1. SCDI is an independent membership network representing a broad cross-section of the private, public and social economy sectors in Scotland. Our purpose is to influence the agenda for Scotland's long-term economic and social prosperity.
2. Please see our response based on the headings set out by the Committee:
 - Accuracy (how reliable is the data)
 - Utility (how useful is it)
 - Interpretation (how to make sense of it)
 - Scrutiny (what are we measuring and does it encourage effective scrutiny).
3. SCDI has been considering the role of economic data and its value to decision making for some time and has previously said that more comprehensive, up-to-date information on the performance of the Scottish economy than is currently available should be available. SCDI recognises a number of the limitations set out in the SPice report around available data. Most notable of these is the conclusion that data on trade and capital investment is "inadequate". Internationalisation is a central pillar of the Scottish Economic Strategy and was identified in the SCDI Blueprint document as one of the key drivers of economic growth for Scotland so it is essential that accurate data should be collected to report on strengths and weaknesses in this area, not only for the sake of growing our economy but also to maintain credibility of the political process. It is essential to be able to quantify their contributions of each of the four national priorities of the economic strategy.
4. Statistics on trade and manufacturing were singled out by members as poor. While the Index of Manufactured Exports (IME) and Export Statistics Scotland offer information on exports from Scotland to other countries, they do not detail imports to Scotland and where they come from. It was also determined to be helpful to understand in more detail which regions of Scotland were responsible for generating our exports to see where our most successful regions are. There also is little data on goods coming into Scotland from other parts of the UK.
5. Local Authority members cited the need for more data at the LA level on income, exports, capital investment and R&D to support their programmes.
6. Given the fiscal framework within which the Scottish economy now sits and how crucial it is to be able to understand the performance of the Scottish economy *in relation* to the rest of the UK, there is a strong case for investment in data and statistical evidence that will support policy thinking and decision

making. The ability to fully understand which areas of the economy are performing well with some indication is crucial to sound, evidence-based decision making. Government policies that are designed to stimulate the economy should be tested and measured for success regularly to ensure that the right set of trade-offs within a finite financial package are being made.

7. SCDI believes the need for data to be independently produced and published is crucial. While data is open to interpretation there is a need for us a nation to engage more with the fundamental information that is being used to underpin decision making, to understand where it comes from and to challenge and verify it against real world experience. The SCDI membership presents a broad and intelligent constituency to do support this function and it is our intention to do this through bringing together recognised experts on the economy alongside current membership and engage a new group of stakeholders through an innovation and analytical lab programme.
8. SCDI recognises that the Scottish Government do not have the powers to mandate data in the same way that ONS or the OBR do. Data required to underpin evidence based decision making on the economy is essential however the costs to businesses and stakeholders associated with providing this data must be justifiable. Careful thought should be applied to requests and whether they should form part of a longer-term data gathering programme that would enable trend analysis and help offset the costs over time of gathering the data.
9. There is a role for newer forms or less conventional forms of data to contribute to the collective understanding of how our economy is performing and what outcomes it is producing for citizens and businesses. Public bodies and LAs could audit their data to identify where that can offer signals on the performance of the national and regional economies. Exploring for example the relationship between council tax non-payment and the financial health of citizens can offer 'early warning' of economic difficulty and be used to inform thinking on social security payment levels, skills programmes and other levers that could be used to support citizens and businesses. SCDI accepts the need for governance around data gathering and use to ensure accuracy and care with use however using less conventional forms of data to complement national statistics has a value and the structures around its utilisation should be explored. SCDI has previously called for the role of a Digital Leader within Scotland to support public acceptance of data sharing to meet the needs of public service improvement and the subsequent productivity enhancement we believe this would enable.
10. HMRC administrative data is frequently cited as holding information that could be used to help build a better picture of economic performance. There seems to be an opportunity to consider how to gather and use this type of data with the advent of Revenue Scotland. Use of HMRC VAT data for example could be used to offer a more detailed overview of the size and financial contribution of businesses in relatively small areas which could support aim set out in the Enterprise and Skills Review around regional economic development and regional partnerships.

11. Scotland should lead the way in devising a set of protocols to help build public confidence in data storage and sharing, analysis and use to build a society of citizens that are capable and comfortable with controlling their own data.
12. There is a need to put in place data gathering ahead of policy making to ensure adequate transparency over government targets and performance measures. An example would be data on exporting which has such a significant time lag that it is impossible to understand whether targets have been achieved or not. Being able to tie data and targets together will also offer some level of certainty to requests made of external providers of the information.
13. The application of good principles to all data gathering and use should apply equally to government as well as elsewhere and robust, impartial analysis should be applied to any programme, target and announcement reliant on economic data in the interests of transparency, clarity and accountability.
14. Another area where SCDI has considered issues around data includes the expert utilisation of data. SCDI considered this during consultation with members for its Blueprint document and made recommendations around expert utilisation of data. Some points around building public trust in us and sharing of data have already been made but there were further recommendations focusing on the appointment of a lead partner to make recommendations on access and utilisation of data streams specifically to drive productivity and innovation. The recommendations also called for more open innovation forums to allow for industry collaboration to analyse anonymised data with the aim of driving solutions to known challenges.
15. SCDI also notes the work of Sir Charles Bean as part of his review and has engaged members with Diane Coyle and her work on GDP. There is a need for Scotland and the Scottish Government to consider the metrics which reflect its broader social, economic and environmental outcomes and how it will demonstrate success in these areas. The digital economy presents a challenge to traditional statistical measures such as GDP as does the Circular Economy because of the nature of re-use as opposed to new production.
16. GDP remains the benchmark by which economic performance measurement is made and it is important to be able to understand our performance relative to other economies and countries. The ability to make international comparisons over time and to observe long term trends is very important. There are issues however with how GDP will reflect certain other stated aims of government such as developing and growing the circular economy in Scotland and there should be thought given to supplementary performance measures such as Green budgets/ GDP.
17. Inclusive growth is also a pillar with the Scottish Economic Strategy and some members have said that an agreed definition of Inclusive Growth indicators, available at local authority level and produced annually would be beneficial. It was also suggested that sourcing economic data for Scotland requires

researchers and analysts to have detailed knowledge of a wide variety of sources. A central point would aid use of available data bearing in mind the point made earlier with regard to independence of interpretation however publication of raw data spreadsheets supported by Scottish Government would not undermine this principle. NOMIS has been identified as a strong model.

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